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TO AMEMBASSY STOCKHOLM PRIORITY 0000
INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE PRIORITY

S E C R E T STATE 094499

SIPDIS

E.O. 12958: DECL: 09/03/2033
TAGS: [PARM](#) [PREL](#) [ETTC](#) [MTCRE](#) [KSCA](#) [SW](#) [IR](#)
SUBJECT: (S) FOLLOWING-UP WITH SWEDEN ON DEALINGS BETWEEN
THE FIRM MAHACO AND IRAN'S MISSILE AND MILITARY PROGRAMS

REF: A. STOCKHOLM 000431
[1](#)B. STOCKHOLM 000342
[1](#)C. STATE 047118
[1](#)D. 07 STOCKHOLM 001474
[1](#)E. 07 STATE 166329
[1](#)F. 07 STOCKHOLM 001373
[1](#)G. 07 STATE 151484
[1](#)H. 07 STOCKHOLM 001099
[1](#)I. 07 STATE 118420
[1](#)J. 07 STOCKHOLM 000920
[1](#)K. 07 STATE 096758
[1](#)L. 07 STOCKHOLM 000618
[1](#)M. 07 STATE 069572
[1](#)N. 07 STOCKHOLM 382 AND PREVIOUS

Classified By: ISN/MTR DIRECTOR PAM DURHAM.
REASONS 1.4 (B),(D).

- [1](#)1. (U) This is an action request. Please see paragraph 4.
- [1](#)2. (S) Background: Since 2004, we have worked closely with Swedish officials in an effort to curtail assistance to Iran by the Swedish entity Mahaco. These efforts have resulted in subjecting Mahaco's activities to increased scrutiny by the GOS and in stopping some exports to Iran that posed clear proliferation risks (Refs I and N). However, Mahaco continues to cooperate with missile- and military-related end-users in Iran, including entities designated under United Nations Security Council Resolutions (UNSCRs) 1737 and 1747 (Ref C and previous).
- [1](#)3. (S) Since our May 2008 discussions, we also have learned that between February and June 2008, Mahaco engaged in business dealings with multiple entities that are procurement covers for Iran's liquid propellant ballistic missile developer Shahid Hemmat Industrial Group (SHIG). Additionally, in order to facilitate transfers to entities affiliated with SHIG, we understand that Mahaco planned to re-use end-user information from previously approved export licenses. We would like to provide this information to Swedish officials and follow-up with them on the status of their investigation into Mahaco, including by requesting any new details uncovered based on the information we shared with them in May 2008. We also want to emphasize that Mahaco's resubmission of past end-user documentation would be appear to be a false export declaration that would violate Sweden's export control laws and be inconsistent with UNSCRs 1737, 1747, and 1803.
- [1](#)4. (S) Action Request: Department requests Embassy Stockholm approach appropriate host government officials to deliver the talking points in paragraph 5 and report response. Talking points may be left as a non-paper.

[1](#)5. (S) Begin talking points/non-paper:

(SECRET REL SWEDEN)

-- The U.S. greatly appreciates our ongoing dialogue

concerning the Swedish entity Mahaco's assistance to Iran's missile program.

-- We last provided you information on this case in May 2008 indicating that Mahaco appeared to continue to engage in efforts to circumvent Sweden's export control laws to assist missile- and military-related end-users in Iran.

-- You will recall that some of Mahaco's business partners in these transactions were acting on behalf of entities designated under United Nations Security Council Resolutions 1737 and 1747, including Iran's liquid propellant ballistic missile developer Shahid Hemmat Industrial Group (SHIG).

-- We now would like to share with you additional details on Mahaco's continued interactions with missile-related entities in Iran.

-- Specifically, we understand that between February and June 2008, Mahaco, in conjunction with the Iranian intermediary Doostan International, was working to fill orders for multiple Iranian entities affiliated with SHIG.

-- These entities included Iran's Tiz Pars, Ecxir Trading Company, Ardalan Machines, Zar Metals, and Sabalan Company. All of these companies operate as procurement covers for SHIG.

-- We also understand that in some cases, Mahaco was planning to re-use end-user information from previously approved export licenses in order to facilitate transfers to entities affiliated with SHIG.

-- We believe that such a resubmission of documentation by Mahaco would be a false export declaration that violates Sweden's export control laws and would be inconsistent with UNSCRs 1737, 1747, and 1803.

-- We hope you will use this information in your continuing investigation into Mahaco and would appreciate hearing of any actions you take in response to this activity. We also are interested in learning what you have uncovered concerning the transactions we brought to your attention during our May 2008 discussions.

-- We look forward to continued cooperation on nonproliferation issues.

End talking points/non-paper.

16. (U) Washington POC is ISN/MTR James Mayes (Phone: 202-647-3185). Please slug any reporting on this issue for ISN/MTR, EUR/NB, and EUR/PRA.

17. (U) A word version of this document will be posted at www.state.sgov.gov/demarche in the "MTAG - EUR" folder.
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